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SUBJECT: A/S SHANNON ENGAGES WITH GOA OFFICIALS AT U.S.-ARGENTINE  
BILATERAL CONSULTATIONS

REF: (A) BUENOS AIRES 0984 (B) BUENOS AIRES 0976 (C) BUENOS AIRES  
0975 (D) BUENOS AIRES 0974

1. (SBU) Summary: In connection with the July 10-11 bilateral consultations with the GOA, A/S Shannon used a lunch, dinner and an unscheduled meeting with FM Taiana to raise regional and global issues with GOA officials. At lunch, the GOA expressed frustration with the Doha Development Round but great satisfaction at the progress made in the U.S.-Argentina bilateral relationship. In the office call on FM Taiana, A/S Shannon reviewed just-concluded consultations and the agreements signed on cooperation in alternative energy, nanotechnology, national parks and cultural exchanges. Shannon addressed GOA concerns about the re-launching of the U.S. Fourth Fleet, noting it had no offensive capability nor intent. Shannon and Taiana discussed the situation in Bolivia, and Shannon raised concerns about lack of cooperation on alternative development efforts in Bolivia. At dinner, Taiana was upbeat on relations with Paraguay, Mexico and Uruguay. He was sharply critical of Iran. Shannon and USOAS Ambassador urged GOA support for a positive 2009 Summit of the Americas in Trinidad. End summary.

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Lunch hosted by DFM Taccetti  
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2. (U) Following the first round of plenary bilateral discussions July 10, Deputy Foreign Minister Vittorio Taccetti hosted a lunch for Assistant Secretary Shannon, Treasury Deputy Assistant Secretary O'Neill and Ambassador Wayne. Also attending were Argentine Ambassador to the U.S. Hector Timerman, U/S for Multilateral Affairs Raul Ricardes, U/S for Bilateral Affairs Vicente Espeche-Gil, Chief of Staff Alberto D'Alotto, North America Director Antonio Trombetta, and Foreign Ministry Director of International Economic Negotiations Nestor Stancanelli.

3. (SBU) GoA Frustration at WTO DDR Stalemate (ref Buenos Aires 0962): Ambassador Stancanelli repeated standard GoA DDR points: Developed countries are asking far too much of developing countries in relaxing industrial tariff protection and offering far too little in compensating reductions in distortive agricultural subsidies. A number of DDR "personalities" including Brazilian FM Celso Amorim and EU Trade Commissioner Peter Mandelson are playing outsized roles in debate and negotiation and significant changes in both tone and developed nation offers on the table will be needed to re-energize the process. As things stand now, Stancanelli concluded, "we are in a Catch-22 situation that serves none of our common interests in successfully concluding this round." DFM Taccetti added that "the GoA has no plan B," and its valid concerns must be addressed.

14. (SBU) A Toast to Moving Forward Bilaterally: In his closing toast, Vice Minister Taccetti spoke of "moving beyond errors of the past" (a clear allusion to bilateral frictions generated by the December 2007 Antonini-Wilson scandal) and Argentina's intention to "move forward" in its bilateral relations with the U.S. A/S Shannon called the two days of bilateral consultations a vehicle for deepening bilateral ties and a means to ensure that Argentina's interests are fully and clearly presented to the incoming USG administration. He called Argentina and the U.S. "on the cutting edge of diplomatic engagement" given our shared values and common perspectives.

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Meeting with Foreign Minister Taiana  
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15. (SBU) Europe: Following the lunch, Assistant Secretary Shannon, Treasury DAS O'Neill and Ambassador met with Foreign Minister Taiana, who had just returned from Spain. Taiana noted that European leaders were preoccupied with recession fears, with Spanish President Rodriguez Zapatero using the "crisis" word to describe an economy beset with slow growth stalled construction and labor strife. Low Eurozone growth favors Argentina in the near term, Taiana said, with European investors bound to look for new opportunities in third countries like Argentina whose natural resource base and continued strong economic growth offer them opportunities not available closer to home.

16. (SBU) Consultation Process: A/S Shannon reviewed the gist of bilateral consultations, noting the signing of agreements and declarations on cooperation in alternative energy, nanotechnology, national parks and cultural exchanges. A second round of bilateral

discussions planned for the coming fall in Washington are to be preceded by working group meetings and a third round of bilateral discussions in the spring of 2009 will offer the GoA an opportunity to build relations with the incoming USG administration. Shannon also noted his earlier discussions with CFK on the U.S. Fourth Fleet and concerns about current developments in Bolivia (reftel). Shannon clarified that standing up the Southern Command's Fourth Fleet was largely an administrative exercise with neither offensive capability nor intent, and that the USG continues to respect the principle of territorial integrity.

17. (SBU) Bolivia: On current developments in Bolivia, Shannon reviewed U.S. concerns including the recent poorly controlled demonstration in front of the U.S. Embassy in La Paz, harassment of USAID projects and officials, and GoB accusations that the Peace Corps is in fact a USG intelligence agency. Shannon said he plans to visit La Paz July 21 with INL A/S David Johnson to try to improve dialogue with President Morales and his government. The GoB's designation of USAID as an "agency non grata" is hurting U.S. alternative development efforts that are closely linked to our drug interdiction efforts. President Morales' priority is not improving bilateral relations with the U.S., Shannon concluded, but rather maintaining domestic political control following his political rejection by five of nine Bolivian provinces.

18. (SBU) Bolivia EOM: Taiana noted that Argentina would be offering financial support for an OAS observer mission to the August 10 recall referendum that could help lower temperatures. Shannon noted that he had spoken with OAS Secretary General Insulza and with OAS Under Secretary for Political Affairs (and Argentine former foreign minister) Dante Caputo on OAS plans for this observer mission. "We saw in Venezuela the kinds of problems that arise when observers are not perceived as neutral," he said. Taiana noted that former Bolivian President (2003-05) and current journalist Carlos Mesa, who is annoyed with Morales, has maintained a good relationship with ex-president Nestor Kirchner. It's worth reviewing his recent writings on Bolivia, Taiana suggested.

Dinner with Taiana  
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19. (U) Taiana hosted A/S Shannon, Ambassador Wayne, U.S. Permrep to the OAS Ambassador Hector Morales, DCM Tom Kelly and Polcouns Alex Featherstone for dinner July 11. Taiana was joined by DFM Taccetti, Ambassador Timerman, Chief of Staff Alberto D'Alotto and U/S for

Latin America Agustin Colombo.

¶10. (SBU) Paraguay: Taiana said he believed President-elect Lugo was seeking out potential allies in the Colorado Party, which struck him as a good idea boding well for governability, since the Colorados had been in power for the last 60 years and knew the ins and outs of public administration. Taiana said he had heard that Lugo would pick Alejandro Hamed, currently Paraguayan Ambassador to Lebanon, to be his Foreign Minister. Taiana indicated he thought the Paraguayan Senate should accept President Duarte's resignation and allow him to take a seat as senator. In a tone of weary exasperation, Taiana also anticipated the new Lugo administration would resume requests to renegotiate Paraguay's share of revenues from Yacyreta dam. He noted that Paraguayan soy had been key during Argentina's ongoing agricultural crisis in keeping Argentine soy mills and shippers busy, so much so that Argentina's soy export numbers had not fallen despite the virtual lockout by Argentine soy producers.

¶11. (SBU) Energy: Shannon noted media coverage of that day's opening of the Petrocaribe summit in Guatemala. Shannon pointed out the growing need for Latin America to develop its production capacity, particularly in the energy sector. Ambassador Wayne described the impact of rapidly rising energy prices and food prices on poor countries, including those of Central America, and related anxieties about using foodstuffs for biofuels. He noted President Bush's request for an additional \$1 billion in food aid for lower income countries. Ambassador Morales recalled from his experience at the IDB that the bank was seeking to help countries explore alternatives to oil consumption to help sustain economic growth.

¶12. (SBU) Mexico: Taiana claimed the GOA enjoyed excellent relations with Mexico and was preparing for a visit in November by Mexican President Calderon. President CFK had a great, warm rapport with Calderon. The GOA had pressed Mercosur to invite the GOM to Mercosur meetings. He said Argentina had mounted a special exhibit pavilion at the prestigious Sinaloa Fair. Taiana confessed a

personal motive for building stronger relations with Mexico. He said two of his grandchildren lived in Tulum south of Cancun (and his only other grandchild lives in Brazil).

¶13. (SBU) Iran: Taiana said he was deeply worried by Iran, which appeared to put it on a collision course with the international community. Shannon agreed that Iran's nuclear ambitions and its support for terrorism made it deeply troubling, particularly as it was sitting astride a political fault line in a deeply troubled region. Taiana repeated several times that the Iranian regime had done nothing to help clear up the 1994 bombing that killed 85 Argentines at the AMIA Jewish community center. The Iranian government insisted it was not involved yet its refusal to cooperate with the AMIA investigation in any way was highly suspicious, said Taiana. Ambassador Timerman noted the U.S. House of Representatives was expected to pass a resolution July 17 expressing congressional support for the investigation.

¶14. (SBU) Uruguay: Ambassador Wayne noted that Argentina's relations with Uruguay seemed to have improved. Taiana agreed, indicating that the agreed strategy over the Botnia dispute was to wait for the International Court of Justice to issue a finding, but noted that Argentine protesters were still blocking the bridge to Uruguay at Gualaguaychu. He pointed out that the original explanation for blocking the bridge 20 months earlier had been to obstruct any truckloads or construction machinery going from Argentina to help in the construction of the Botnia paper mill in Uruguay. Construction was completed, but the protesters continued to block the bridge with the pretext of hurting Uruguay's tourism -- but Uruguay's tourism grew 25%. Then the protesters said they would remain on the bridge to garner international attention to their cause, but, Taiana noted, the international community was siding with Uruguay. Timerman pointed out that Alfredo De Angeli, a highly popular leader of the farmer strike, got his start as a leader of the anti-Botnia protesters in Gualaguaychu. Timerman wryly lamented, "We created De Angeli and his Maoist uprising!" He also referred to growing divisions within the Gualaguaychu protesters.

¶15. (SBU) Summit of the Americas: Shannon noted that the next Summit of the Americas in April 2009 would be early in the next

administration. Taiana agreed it was important that the Summit turn out well for the new president and said it was a "shared responsibility" for Latin American leaders to ensure that the U.S. could engage productively with the region. "Let's see how we can contribute," he said. Taiana thought it was interesting that Trinidad & Tobago would be the host for the Summit, because of its leadership role in the Caribbean and its role as energy producer. (As an aside, he mentioned that all of the liquified natural gas being shipped to Bahia Blanca for re-gasification was Trinidadian.) Ambassador Morales gave a briefing on U.S. ideas for the Summit agenda.

¶16. (SBU) Colombia: Shannon praised Uribe's successful July 2 rescue of 15 FARC hostages and noted the deteriorating situation of the FARC due to the series of setbacks since the March 1 killing of Raul Reyes. He said the GOC would dispense with international facilitation and pursue direct talks with the FARC. Taiana asked if anyone else had heard a rumor that the father of Clara Rojas's son Emmanuel was FARC Secretariat member "Timochenko." (No one else had.) Taiana welcomed the previous day's announcement that Uribe had asked Colombian Ambassador to Argentina Jaime Bermudez to serve as his foreign minister. Taiana described Bermudez as "very capable and very close to Uribe," and said he had ably defended Colombia's position during its recent dispute with Ecuador. Ambassador Colombo noted that Colombia had been playing a very positive role in Bolivia as a member of the Group of Friends, and that Camilo Reyes in particular had been very supportive. Shannon reiterated his earlier plea for Argentina to continue working closely with Brazil and Colombia in that effort.

¶17. (U) WHA A/S Shannon cleared this cable.

WAYNE